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FEB 19 2010

Division of Minerals

STATE OF NEVADA
COMMISSION ON MINERAL RESOURCES
DIVISION OF MINERALS
400 W. King Street, Suite 106
Carson City, Nevada 89703
(775) 684-7040 • Fax (775) 684-7052

| |
|--------------------------------|
| Date Received |
| API Number <u>27-001-90419</u> |
| County <u>Churchill</u> |
| Permit Number <u>1125</u> |
| FOR DIVISION USE ONLY |

GEOTHERMAL RESOURCE DEVELOPMENT PERMIT APPLICATION

The applicant

Name (or Corporate/Business Name) Magma Energy (U.S.) Corp

of Street Address 5355 Kietzke Lane, Suite 100

City Reno State NV Zip Code 89511

hereby makes application for a geothermal development permit, State of Nevada, Division of Minerals.

(If applicant is a corporation, show state and date of incorporation; if a partnership, list names of partners.)

[Empty box for incorporation/partnership details]

This application is for a Domestic well Commercial well Industrial well
Other, specify: Observation well Thermal Gradient well Re-entry

Note: Re-entry includes workover, deepening, or plugging back operations.

Applicant is: Land Owner Lease Holder
Well Name: Gabrych
Lease Name/No: 75-33
Land Type: Federal (BLM, USFS, etc.) Private State

Location of Well:

Domestic: Street: _____
City: _____ County: _____

Commercial and Industrial: NE ¼ of, SE ¼ in Section 33,
Township 23N, Range 28E,
UTM Northing _____ N; UTM Easting _____ E (Using NAD27 Datum)
County Churchill
(If applicable, give street address below.)
Street: _____
City: _____
State: _____ Zip: _____

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Operator's Name: _____
Address: _____
City, St Zip: _____

Drilling Contractor's Name: See Attached
Address: _____
City, St Zip: _____

Rotary Rig Description: See Attached

Hole Size: _____ Casing Size: _____ Weight/Gauge: _____

Estimated Well Head Temperature: _____

Size of BOP: 2000 psi 3000 psi 5000 psi

Planned Use of Geothermal Resource:

Planned Disposal of Spent Geothermal Fluid:

Type and Amount of Bond: \$50,000 Statewide
(Exempt for Domestic Class)

Bond Issued by: Wells Fargo Bank (D) Serial No. _____

The Source of the Proposed Geothermal Resource is:

(List name of hot spring, geologic formation(s) or other source.)

Total Depth to be Drilled: 1000 Feet

Drilling will Commence On or Before: March 1, 2010

Signature of Applicant/Agent: [Signature]
Date: Feb 16, 2010

CONDITIONS OF PERMIT

1. All permittees must comply with appropriate sections of the Geothermal Rules and Regulations of the Division of Minerals and with applicable rules and regulations of other local, state, and federal agencies.
2. During the drilling of domestic geothermal wells, all water strata above the geothermal horizon being used must be sealed or separated in order to prevent their contents from passing into other strata.
3. All fresh water and water of value or possible value for other beneficial uses must be confined to their respective strata and be adequately protected by methods approved by the Division. Precautions must be taken in drilling and abandoning wells to guard against any loss of fresh water from the strata in which it occurs, and the contamination of any fresh water by objectionable water.
4. The operator of any well must shut off and exclude all water from any geothermal resource-bearing stratum to the satisfaction of the Division.
5. Additional Conditions

A. See attached COA.

B. Send Completion & Plugging Reports when due. NAC 534A.550

C. _____

PERMIT APPROVAL

Approved MARCH 1 2010 with the conditions noted above.
Date

Permit Number 1125

Doug Drusman
Deputy Administrator
Division of Minerals